

PROVIDER BULLETIN

Volume 37 Number 15

<http://dss.mo.gov/mhd/>

May 22, 2015

Outpatient Hospital and Provider-Based RHC National Drug Code Requirement

CONTENTS

- National Drug Code (NDC) Required for All Drugs Dispensed
- Covered Outpatient Drugs
- Claim Submission
- Procedure Code/NDC Validation
- 340B Health Care Facilities
- Clinical and Preferred Drug List (PDL) Edits
- Quantity Dispensed
- Contrast Materials and Radiopharmaceuticals

National Drug Code (NDC) Required for All Drugs Dispensed

Effective for dates of service on or after July 1, 2015, MO HealthNet Division (MHD) will require the National Drug Code (NDC) for all medications administered in the clinic or outpatient hospital setting to comply with federal law. The Deficit Reduction Act of 2005 (DRA) requires states to collect rebates for certain physician-administered drugs. As a result, state agencies must now collect the 11-digit NDC on all outpatient drug claims submitted to MHD from all providers for rebate purposes. Providers will be required to submit their claims with the exact NDC that appears on the product dispensed or administered. The NDC is found on the medication's packaging and must be submitted in the 5 digits-4 digits-2 digits format. If the NDC does not appear in the 5-4-2 digit format on the packaging, a zero(s) (0) may be entered in front of the section that does not have the required number of digits.

Note: MHD pricing policies have not changed with regard to medications provided in the office or in the outpatient hospital setting. Please refer to Section 12, "Reimbursement Methodology" of the provider manuals available online at: <http://manuals.momed.com/manuals/> for policy guidelines for each program.

Covered Outpatient Drugs

All drug products produced by manufacturers that have entered into a rebate agreement with the Federal Government are reimbursable under the MHD Pharmacy Program, with the exception of Drug Efficacy Study Implementation (DESI) drugs and drugs specified in Section 13, "Benefits and Limitations," in the Pharmacy Manual. The MHD Pharmacy Manual can be found on the MHD website at: http://manuals.momed.com/collections/collection_pha/print.pdf.

A list of manufacturers that have entered into a rebate agreement with the Federal Government (along with the Labeler Code which is the first five digits of the NDC number by which products may also be identified), can be found on the CMS website, in Drug Manufacturer Contact Information at: <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Prescription-Drugs/Medicaid-Drug-Rebate-Program.html>.

Products for which the Labeler Code is *not* included on the list are *not* reimbursable under the MHD Pharmacy Program.

Claim Submission

Drug charges submitted by providers on an electronic Professional or Institutional ASC X12 837 Health Care claim transaction or manually entered on a medical or outpatient claim into MHDs billing website eMOMED (www.emomed.com), are to be billed with a valid J-Code and a valid NDC for each medication, including injections, provided to the participant. Medical or outpatient claim lines submitted with a J-Code, without the corresponding NDC will be denied. For medical or outpatient claims correctly submitted with the appropriate J-Code and the corresponding NDC, the system will automatically generate a separate drug claim for the NDC to process as a pharmacy claim and will appear as a separate claim on your Remittance Advice. The corresponding line with J-Code and NDC will be dropped from the medical or outpatient claim. If an NDC is not provided, the J-Code will remain on the claim to report the denied line. If the drug being provided does not have a J-Code associated with it, the appropriate Healthcare Common Procedure Coding System (HCPCS) procedure code should be submitted with an NDC. For drugs without a valid HCPCS procedure code, revenue code 0250 "General Classification: Pharmacy" must be used with the appropriate NDC.

Only drugs and items used during outpatient care in the hospital are covered. Take-home medications and supplies are not covered by MHD under the Hospital Program.

Note: Paper pharmacy claims are not accepted by MHD. Any paper pharmacy claims received will not be processed.

Procedure Code/NDC Validation

A critical component to submitting claims with an NDC is to ensure that the appropriate HCPCS procedure code is billed with each NDC. To ensure accurate billing of drug charges, MHD will use the Noridian Crosswalk (www.dmeprd.com) to determine whether the appropriate HCPCS procedure code is billed for the submitted NDC. Claims will be denied if the NDC submitted is not valid for the HCPCS procedure code submitted.

340B Health Care Settings

Section 1927(j)(2) of the Social Security Act calls for hospital dispensing covered outpatient drugs to bill the plan (MHD) "no more than the hospital's purchasing cost" as a condition of being exempt from the NDC reporting requirement. Claims from 340B health care facilities for outpatient hospital covered drugs must be submitted with an NDC and/or a valid J-Code (not a dump code) for MHD to be able to identify the drug dispensed and to verify that the amount submitted is the facility's actual acquisition cost for each item and quantity billed.

Clinical and Preferred Drug List (PDL) Edits

All drug claims are routed through an automated computer system to apply edits specifically designed to ensure effective drug utilization. The Preferred Drug List (PDL) and clinical edits are designed to enhance patient care and optimize the use of program funds through therapeutically prudent use of pharmaceuticals. The edits are based on evidence-based clinical criteria and nationally recognized peer-reviewed information. This clinical information is paired with fiscal evaluation, and then developed into a therapeutic class PDL recommendation. The PDL process incorporates clinical edits, including step therapies, into the MHD pharmacy program. Claims for drugs will automatically and transparently be approved for those patients who meet any of the system approval criteria. For those patients who do not meet the system approval criteria, the drugs will require a call to the MHD Drug Prior Authorization hotline at (800) 392-8030 to initiate a review and potentially authorize payment of claims. Providers may also use the CyberAccess tool to determine if a drug is a preferred agent or requires edit override; electronically initiate an edit override review; and to review a participant's MHD paid claim history. To become a CyberAccess user, contact the CyberAccess help desk at (888) 581-9797 or (573) 632-9797, or send an e-mail to CyberaccessHelpdesk@xerox.com. More information regarding the clinical edits, the PDL and other pharmacy related programs can be found at: <http://dss.mo.gov/mhd/cs/pharmacy/>.

Quantity Dispensed

The quantity to be billed for injectables and other types of medications dispensed to MHD participants must be calculated as follows:

- Containers of medication in solution (for example, ampoules, bags, bottles, vials, syringes) must be billed by exact cubic centimeters or milliliters (cc or ml) dispensed, even if the quantity includes a decimal (e.g., if three (3) 0.5 ml vials are dispensed, the correct quantity to bill is 1.5 mls).
- Single dose syringes and single dose vials must be billed per cubic centimeters or milliliters (cc or ml), rather than per syringe or per vial.
- Ointments must be billed per number of grams even if the quantity includes a decimal.
- Eye drops must be billed per number of cubic centimeters or milliliters (cc or ml) in each bottle even if the quantity includes a decimal.
- Powder filled vials and syringes that require reconstitution must be billed by the number of vials.
- Combination products, which consist of devices and drugs, designed to be used together, are to be billed as a kit. Quantity will be the number of kits used.
- The product Herceptin, by Genentech, must be billed by milligram rather than by vial due to the stability of the drug.

- Non-VFC Immunizations and vaccines must be billed by the cubic centimeters or milliliters (cc or ml) dispensed, rather than per dose.

Contrast Materials and Radiopharmaceuticals

Contrast materials and radiopharmaceuticals used in radiologic procedures may be billed separately using the appropriate HCPCS code **and/or** the NDC representing the materials or agent used in the procedure. If available, MHD would prefer the NDC for reporting purposes. If the material or agent used does not have an NDC, the appropriate HCPCS code alone is acceptable. All HCPCS codes for contrast materials and radiopharmaceuticals are manually priced and must be billed with the manufacturer's invoice of cost attached to the claim

Provider Bulletins are available on the MO HealthNet Division (MHD) (Formerly the Division of Medical Services) Web site at <http://dss.mo.gov/mhd/providers/pages/bulletins.htm>. Bulletins will remain on the Provider Bulletins page only until incorporated into the [provider manuals](#) as appropriate, then moved to the Archived Bulletin page.

MO HealthNet News: Providers and other interested parties are urged to go to the MHD Web site at <http://dss.mo.gov/mhd/global/pages/mednewssubscribe.htm> to subscribe to the electronic mailing list to receive automatic notifications of provider bulletins, provider manual updates, and other official MO HealthNet communications via E-mail.

MO HealthNet Managed Care: The information contained in this bulletin applies to coverage for:

- MO HealthNet Fee-for-Service
- Services not included in MO HealthNet Managed Care

Questions regarding MO HealthNet Managed Care benefits should be directed to the patient's MO HealthNet Managed Care health plan. Before delivering a service, please check the patient's eligibility status by swiping the MO HealthNet card or by calling the Provider Communications Interactive Voice Response (IVR) System at 573-751-2896 and using Option One for the red or white card.

**Provider Communications Hotline
573-751-2896**